

ORIGINAL

OPEN MEETING AGENDA I



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BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

COMMISSIONERS

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2015 APR 3 PM 3 34

Arizona Corporation Commission

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IN THE MATTER OF RESOURCE PLANNING
AND PROCUREMENT IN 2013 AND 2014.

Docket No. E-00000V-13-0070

**AEPCO'S COMMENTS TO
STAFF'S PROPOSED ORDER**

On March 11, 2015, the Commission's Utilities Division Staff ("Staff") filed its Proposed Order in this docket. Arizona Electric Power Cooperative, Inc. ("AEPCO" or the "Cooperative") submits these comments to the Proposed Order. For the reasons stated herein, AEPCO requests that the Commission continue to acknowledge AEPCO's unique resource planning circumstances and confirm the limited scope of the Cooperative's future IRP filings consistent with the parameters established by the Commission two year ago in Decision No. 73884.

Background

AEPCO is unique among the four Load-Serving Entities ("LSE") covered by the IRP Rules.

First, it is a not-for-profit electric generation cooperative that supplies wholesale power to its six Class A Member distribution cooperatives, five of which are located in Arizona. As a result, AEPCO has no retail load and, therefore, no demand-side role in the IRP process. In recognition of this fact, the Commission's decision in the prior IRP docket found that AEPCO is

1 exempt from the requirements of the Annual Renewable Energy Requirement, the Distributed
2 Renewable Energy Requirement, and the Energy Efficiency Standard.¹

3 Further, AEPCO's supply-side role is very limited. In Arizona, it has all-requirements
4 contracts (*i.e.*, contracts requiring the Cooperative to resource plan for the future demands of the
5 member) with only two of its smallest, slowest growing distribution cooperative members –
6 Graham County Electric Cooperative, Inc. and Duncan Valley Electric Cooperative, Inc. The
7 other three and largest Arizona member distribution cooperatives are partial-requirements
8 members ("PRMs") – Sulphur Springs Valley Electric Cooperative, Inc., Trico Electric
9 Cooperative, Inc. and Mohave Electric Cooperative, Inc. Under its contracts with these PRMs,
10 AEPCO's only obligation is to furnish contractually obligated amounts of power and energy
11 from existing resources. In other words, AEPCO has no obligation to plan for the future growth
12 needs of the PRMs.

13 In its prior IRP decision, the Commission recognized that these special circumstances
14 warrant certain modifications to the application of the IRP Rules to AEPCO. Specifically, the
15 Commission stated that it would not be necessary for AEPCO to have its future IRPs
16 "acknowledged" by the Commission.² Also, while AEPCO is required to submit IRP filings, the
17 Commission limited the filing to "whatever information, data, criteria, and studies it has used in
18 its 15-year planning scenarios."³ Finally, rather than conduct an examination of the PRMs'
19 potential load growth and include that analysis in its IRP filing, AEPCO was instructed to submit
20 copies of the PRM load forecasts directly to Staff on a confidential basis.⁴

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22 ¹ Decision No. 73884, p. 3, ll. 11–13, Finding 5. *See also* Staff's Proposed Order, p. 3, ll. 14–16, Finding 5.

23 ² Decision No. 73884, p. 8, ll. 1–2. *See also* Staff's Proposed Order, p. 3, ll. 23–25, Finding 6.

24 ³ Decision No. 73884, p. 8, ll. 3–5. *See also* Staff's Proposed Order, p. 3, ll. 23–25, Finding 6.

⁴ Decision No. 73884, p. 6, ll. 22–25, Finding 16, and p. 8, ll. 6–7.

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1 matter, AEPCO is not in a position to report on the status of its EIM market participation
2 deliberations.

3 In light of these circumstances, AEPCO has clarified with Staff that, as applied to
4 AEPCO, the obligation would be limited to reporting on whether or not the Cooperative will
5 participate in an EIM. As so limited and clarified, AEPCO has no objection to the
6 recommendation.

7 3. Staff's Suggested Improvements to the IRP Process

8 In response to various concerns identified by Staff and raised by other stakeholders in the
9 docket, Staff's Proposed Order includes several suggestions to possibly "fine tune" and improve
10 the IRP process.⁶ Staff appears to offer these suggestions merely for the Commission's future
11 consideration, but has not included any corresponding Ordering Paragraphs specifically
12 implementing the possible process revisions. Given this procedural status, AEPCO has not
13 prepared specific exceptions or proposed amendments to Staff's suggestions.

14 AEPCO maintains that its modified IRP requirements adopted in Decision No. 73884
15 should be preserved in any future IRP process revisions. Specifically, AEPCO is still operating
16 under the unique circumstances that led the Commission to exempt AEPCO from IRP
17 "acknowledgment" and limit the Cooperative's reporting requirements to "whatever information,
18 data, criteria, and studies it has used in its 15-year planning scenarios."

19 Therefore, should the Commission make any future revisions to the IRP process (either
20 by adopting any of Staff's suggested improvements or otherwise), AEPCO's unique
21 circumstances – combined with the potential financial impact that increased IRP requirements
22 would have on the Cooperative – warrant special consideration. For example, AEPCO agrees

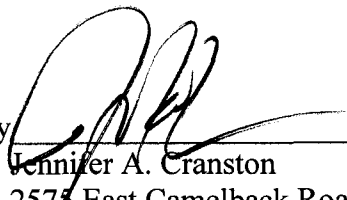
23 ⁶ Staff's Proposed Order, p. 11, l. 11, – p. 13, l. 2, Findings 20–26.

1 with Staff's suggestion that any requirement to conduct pre-filing public workshops not be
2 applied to the Cooperative.⁷ For the same reasons, AEPCO should not be required to provide
3 more detailed 3-Year Action Plans (Finding 22), have its 3-Year Action Plans subject to an
4 approval process (Finding 23), instructed to emphasize risks and costs to retail ratepayers
5 (Finding 24) or be required to analyze and discuss the costs and benefits of new technologies
6 (Finding 26) to the extent that such revisions would expand AEPCO's reporting requirements
7 beyond those established in Decision No. 73884.

8 Finally, with regard to Staff's proposed clarification regarding Arizona Administrative
9 Code R14-2-705 (Finding 25), AEPCO maintains that any clarification should preserve the
10 exceptions contained in Section B of the rule.

11
12 RESPECTFULLY SUBMITTED this 3rd day of April, 2015.

13 GALLAGHER & KENNEDY, P.A.

14
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23 ⁷ Staff's Proposed Order, p. 11, ll.15-25, Finding 21 (limiting pre-filing workshop suggestion to APS, TEP and
24 UNSE).

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this 3rd day of April, 2015, to:

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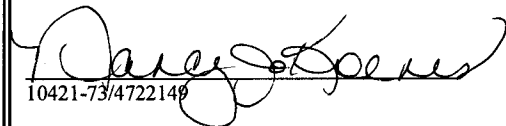
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